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Hon. Jerry Nadler
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House Judiciary Committee

Hon. Ken Buck
Ranking Member
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We are aware of a letter signed by a dozen former national security officials alleging the package of antitrust bills aimed at curbing Big Tech’s abuses will pave the way for China to dominate the global technology sector. We disagree.

The signatories of the letter have overseen some of the biggest and most embarrassing failures in intelligence gathering, breaches of classified information, and foreign affairs and national security debacles of the past 25 years. Collectively, the signatories of this letter oversaw multiple failures during their respective tenures in office. They represent the same failed blob thinking responsible for the foreign policy failures of the last 20 years and they are the same thinkers who said China’s rise will be good for America.

Their letter raises concerns that somehow the antitrust bills will impede the United States’ ability to compete with China and would “degrade critical R&D priorities, allow foreign competitors to displace leaders in the U.S. tech sector both at home and abroad, and potentially put sensitive U.S. data and IP in the hands of Beijing.” We address these concerns in order.

Research & development investment concerns

The Big Tech companies that dominate our digital sector did not reach their monopoly through investment in brilliant engineers and scientists and a well-funded R&D program. They achieved their monopolies through an aggressive “merge to monopoly” strategy. This strategy has meant Big Tech buys any potential competitive threat and then mothballs their technology. This is not good for our national security or our nation’s future competitiveness.

By allowing four firms to dominate our digital sector, our national security is put at risk because those firms can decline to work with the American military or intelligence apparatus. This has already happened. In 2018, Google removed itself from consideration for Department of Defense contracts worth \$10 billion, claiming the U.S. military’s projects did not align with Google’s corporate values. However, Google had no issue collaborating with the Communist government of China to develop a censored version of Google’s search engine, called the Dragonfly experiment. Google only cancelled the project after significant pressure mounted against Google’s blatant hypocrisy.

Additionally, Big Tech has made other investments in China that potentially harm American national security. For example:

- In April 2020, Amazon announced a \$10 million contract with Dahua, a Chinese technology company with deep ties to the egregious human rights violations occurring in Western China, disregarding Department of Commerce guidance cautioning American companies against doing business with companies connected to these atrocities.
- Amazon and Apple also store user data on servers in China, including some that are operated by a Chinese state-owned enterprise, which according to Chinese law effectively grants the Chinese government unfettered access to that data.

Displacement of U.S. tech leaders

The antitrust bills will not displace the U.S. tech sector as a global leader. What Big Tech wants is for the United States to follow the Chinese “national champion” model, where regulators single out favored firms for special treatment. In China, there is one giant company for every sector, like Alibaba for ecommerce or Huawei for telecommunications. That is the model Big Tech wants because it cements their monopolies.

Preventing already-dominant Big Tech firms from swallowing what remains of their competition, will spur innovation and restore incentives for entrepreneurs to found startups. In fact, evidence shows that Big Tech acquisitions dry up investment in new startups. In a recently published study, several leading economists from the University of Chicago found that in the wake of an acquisition by Facebook or Google, investments in startups in the same field drop by over 40% as venture capital bets against those seeking to compete with the Big Tech giants.

The U.S. technology sector will only benefit from restoring a free market and letting that market work. Increased investment in small tech startups will significantly increase America’s ability to stay at the forefront of technological innovation and will enhance our national security.

Putting data and IP in the hands of Beijing

Finally, these bills will not “put sensitive U.S. data and IP in the hands of Beijing.” Apple and Google have already let the fox in the proverbial hen house because they have Alibaba available on their respective app stores and interfacing with their operating systems. If these companies cared about not letting Chinese companies into our digital marketplaces, this app wouldn’t be available to US consumers.

Additionally, the emails released during discovery in the *Epic Games v. Apple* case also show us that Apple has known for years that its app store has been exploited by the Chinese and other rogue actors and criminals and took little to no action.

Conclusion

We disagree with the premise that restoring competition to the American digital sector will harm our national security. By allowing these companies to become monopolies, we have given China a competitive advantage because all it must do is gain control over one key input these companies need, and they will be forced to look out for Chinese interests over America's. These bills will ensure America can be the force for good that it has been for the past 245 years.

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